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Russian Federation

Fishery Products

Aquaculture is Part of National Priority Project 2007

Approved by:

Allan Mustard
American Embassy

Prepared by:

Kimberly Svec and Marina Muran

Report Highlights:

As reported in GAIN Report RS-7004, as part of the Russian government's effort to spur overall growth in the fishery sector, aquaculture was included in the National Priority Project. Two government decrees were signed extending subsidies to commercial fish farms. These are likely to contribute to further investments in old fisheries and construction of new fishing facilities. The potential for aquaculture in Russia suggests production increases from 120,000 MT in 2006 to 240,000 MT by 2010.

Includes PSD Changes: No
Includes Trade Matrix: No
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Moscow [RS1]
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Executive Summary

Beginning in 2007, aquaculture will be part of the National Priority Project (please see GAIN Report RS-7004). Decrees 834 and 879 issued in December 2006 extend subsidized interest rates to commercial fish farms, and introduce two types of loans at subsidized interest rates: an eight-year loan estimated at 1,600 million rubles and a five-year loan estimated at one billion rubles.

The inclusion of aquaculture to the list of eligible activities under the National Priority Project is in line with Minister of Agriculture Aleksey Gordeyev's recent declaration establishing 2007 as "Year of the Fish" and represents an effort to spur growth in this sector.

Government Decrees

Decree 834 establishes subsidized rates financed by provincial budget loans for investment credits issued to agricultural producers, agro industrial organizations, peasant farms, and commercial fish farms. Under the decree, these credits are available up to eight-year terms for construction, reconstruction and modernization of livestock and fishery complexes (farms).

Decree 879 authorizes rebates of interest rates on investment credits up to a five-year tenor term extended to agricultural commodity producers, agro industrial organizations, and commercial fish farms for purchase of brood material, equipment, and machinery for livestock and fish complexes. Eligibility for this program includes loans approved during 2007 for fishery operations.

Currently, 60 administrative regions in Russia have already applied for participation in the program and appropriate agreements were signed with 18 administrative regions. Four additional administrative regions have submitted proposals to participate in the program of equipment leasing under the components of the National Priority Project in Aquaculture.

Aquaculture Outlook

In 2006, Russia produced about 120,000 metric tons of aquaculture products. The diversity of fishing reservoirs in the Russian Federation offers a strong opportunity for the development of different production methods. Potential production of aquaculture products in Russia can reach 240,000 metric tons by 2010. Currently, most of the aquaculture output comes from freshwater culture, of which carp, rainbow trout and whitefish represent the majority of the species. Marine aquaculture accounts for about two percent of total output and it is dominated by the production of mollusks and seaweed.

Comments

Growth of aquaculture in Russia has been tempered by the following factors: a) demise of former agricultural support policies; b) difficulties in farm-restructuring and enterprise-privatization that create an uncertain legal status of farm ownership; c) environmental degradation of inland waterways through industrial, urban, and agrochemical pollution; d) occasional shortages of imported feedstuffs; e) shortage of investment capital for restructuring, maintenance, and general investment; f) lack of transparent federal regulation; and g) lack of new distribution and marketing channels for both lower and higher priced aquaculture products.

According to trade sources, it takes at least five years for start-up aquaculture operations to become profitable. Interest rate rebates are expected to address one of the major factors

behind the sector's collapse: the shortage of investment capital for the overhaul of old fisheries and construction of new facilities.